



EUROPEAN
CREDIT INITIATIVE

THE EUROPEAN APPROACH TO MONEY AND THE ECONOMY

For a modern organisation of money and business
as the first step towards global solidarity

- an economy based on need and committed to the common good
- free enterprises working associatively together
- a just income, welfare and social cohesion
- the creation of capital through the development of skills and talents
- financed by a money and banking system based on public law and serving the community
- grounded in real democracy
- as an alternative to private capital and statism



To prepare and launch a European Citizens' Initiative!

- development of the project and creation of a Europe-wide alliance
- collection of one million signatures in all EU Member States
- publicising and promoting the "New Approach to Money and the Economy"

**WE NEED A NEW
KIND OF ECONOMICS.**

www.creditinitiative.eu

THE ECONOMY – A GLOBAL ORGANISM

In our time, the modern global economy – based predominantly on the division of labour and human innovativeness – has the character of a communicatively interlinked, integrated *whole*. Within a web of interrelated individual processes that is so vast and complex that its detailed working defies analysis, the economy fulfills the task of providing all those material goods and immaterial services that mankind needs. The phenomenon of “the economy” thus presents itself to us as an activity that penetrates to the four corners of the globe – one in which we all take part as we allow our talents and skills to blend into the “work for others”.

What has just been described is not an ideal for the future. It is already a reality – but a reality that is being disturbed, even massively compromised, by factors that are improper and inappropriate and which *negate* the holistic nature of the economy; with all their inhumane and ecologically destructive consequences.

The pathogenic nature of these factors within the organism of the world economy appears above all in the wrong relationship between the individual companies and corporations, which, instead of working cooperatively with each other and with the rest of the global economy, defend and promote their own ‘private’ interests in competition with each other in pursuit of what is argued to be the “engine” of ‘success’ – the *profit motive* – but which is in reality the sand in the gears. The second contributory factor is the anachronistic concept of ‘*wage labour*’, which takes no account of the fact that today everyone is involved *together* in the creation of the entire “value stream”. In the modern economy – which is no longer a subsistence economy – it is the “income” that is the sole means by which the individual person gains responsible access to economic activity. In this understanding income means a person’s *right* to claim a portion of the entire value stream for him- or herself – rather than claiming a “wage” as an *exchange value* for the work in the labour market.

We can see it as a future goal for humanity to progressively overcome the excessive egoism that results from the wage conditions (understood as a battle between the opposing and competing interests of employers and employees) and is also fueled by the currently dominant concept of ‘property’ and the principle of “profit as the *raison d’être* of the economy”. The goal should rather be to live together on our earth in peace and solidarity, with our diverse talents and capabilities, but as equals among equals. We can already discover the proper foundation for this in what the modern global economy has created – a working together for each other. *Now we have to begin to perceive – and work towards overcoming – the elements within that economy that are disruptive and pathogenic.*

Money itself is one of the most striking pathogenic elements in this. It has carved out an independent existence for itself within an absurd finance industry and has become less and less connected with real economic activity, although it continues to determine this to a significant degree – but affects it negatively, instead of serving it. This is the place where the attempt at healing can begin. *What is needed is a reformation of the money and banking system in the service of a cooperative economy oriented to the common good.*

ENTREPRENEURSHIP OUT OF A SENSE OF RESPONSIBILITY TO HUMANITY

Together with the insight into the holistic nature of the economy there must come a second insight: the recognition of the *essential quality of freedom which belongs (uniquely) to the human being*. The centrally planned and regulated economy as practised under “real socialism” contradicts Man’s free nature. Simply turning matters on their head and asserting the ‘rightness’ of capitalism, with its principles of private property and profit, is no better a way towards *individual responsibility and self-determination* – ‘freedom’ in this context only means the freedom of those who already possess wealth and power to increase them in the “free play of the market forces”.

In contrast and opposition to this is the picture presented here of a *future culture of “free enterprise”* that achieves its goals without being directed by the state or led by exclusively private interests. Free enterprises are *economic initiatives* which make a commitment to the ‘common weal’ and which desire to join forces with others – whilst still retaining their sense of individual responsibility – in order to cooperate in fulfilling the real needs of the society. They are also responsible for ensuring that all co-workers receive an income sufficient for them to lead their lives with dignity and are able to perform their work in a self-determined way (i.e. out of an insight into what is objectively required).

The organisational principles of *Associations* allow “free enterprises” to join together in order to be better able – through cooperation and agreement (between themselves and also with the consumers) – to fulfill the economic tasks. In accordance with the holistic nature of the economy, the profit principle is replaced by the idea of the balancing of surpluses and deficits.

In order to enable this, the associated enterprises should be able to group themselves around *organs of banking* which need to be newly defined and which, themselves also operating in networks of similar ‘new banks’, organise the financing requirements of the associations out of a *new monetary function of the European banking system*. It is the central demand of the project outlined here to make this new *modus operandi* of banking and finance possible and constitutionally secured in European law.

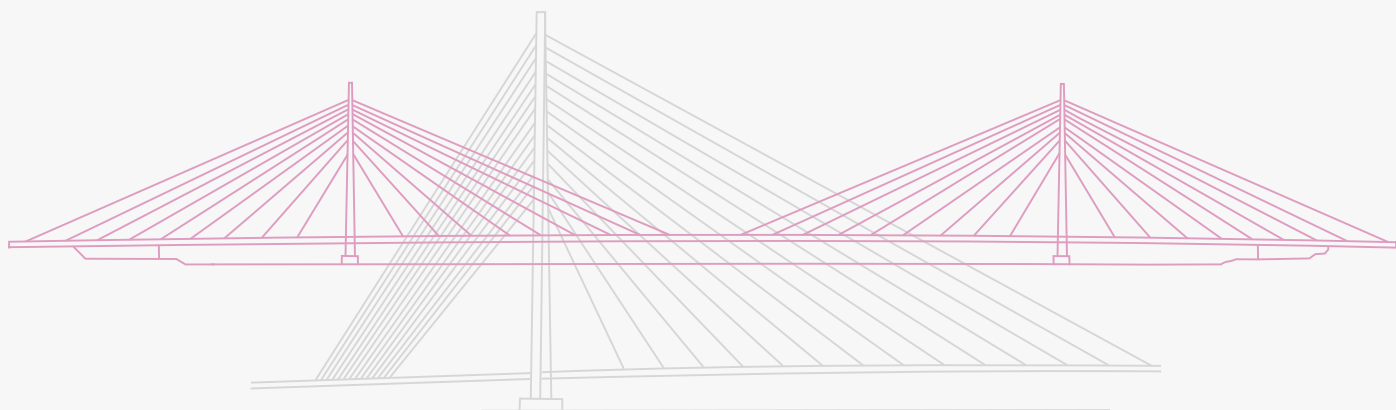
THE IDEA OF COMPLEMENTARY LEGISLATION FOR THE ECONOMY

This vision of a modern, up-to-date banking and enterprise system must be grounded in *new laws for banking and the economy*. These would be legal acts that would create the space for a new, associative economy. Even though a way of thinking that encompasses the current social reality is already able to recognise that the industrial as well as the digital and communications revolution has long since brought about the global economic organism already referred to, its legislative basis remains dominated by the ‘private capital’ understanding of the economy that has produced, and continues to produce, its dysfunctional effects.

The ‘private’ element is fully justified within its own area – in the individual consumer needs of private households – i.e. in the ‘*consumption sphere*’ of the economy. By contrast, everything that belongs in a general sense to the area of production has taken on the above-mentioned holistically-networked character. This has separated itself out of what was previously a fairly homogeneous economic sphere primarily shaped by individual households and has formed a separate sphere, the “*production sphere*” of the economy. Businesses of a certain size and output can no longer operate healthily as private entities with their own individual interests, but must be able to adapt to the realities of modern developments through the possibility of an associative organisation of the production sphere.

This requires a new legal framework to be created. Our proposal does not seek to replace the current laws with new ones, but rather to make *complementary* additions to certain of the existing laws on the economy which would enable the new approach to be adopted *alongside* the old one. There should be no compulsion. But equally, no enterprise should any longer be prevented from adapting its own way of working to the new reality of the integrated global production sphere – and thereby building a bridge to the associative economy.

This needs additions and innovations on a range of legislative levels. The changes need to be carefully worked out step by step. The proposal for the European Citizens’ Initiative represents one of these preliminary steps (see over).



For a European Approach to Money and the Economy as a Cultural Contribution to the 21st Century

This initiative invites you – on the basis of the ideas explored here – to cooperate in a renewal of European culture and to take the first concrete political steps to bring this to fruition because of:

- ◆ the suffering that drives more and more people in the world to risk their lives in seeking to reach the imagined 'safe harbour' of Europe;
- ◆ the gap that is widening also here in Europe: between rich and poor, and also between individual people and between whole societies;
- ◆ a natural world that is being increasingly despoiled and which should be the health-giving basis for our lives, not something to be ravaged for selfish private interests;
- ◆ the growing lack of adequate provision for the elderly and the sick;
- ◆ the lack of prospects for our young people to be able to develop their talents for the well-being of the whole world – beyond the narrow perspective of their own individual well-being;
- ◆ the continued absence of the definite commitment to resolve conflicts without resorting to violence; to seek peaceful ways of living together instead of making war;

all of the above and more is conditioned by the structure and behaviour of the global economy whose principles – in terms of their general effects – have not been able to produce welfare and justice for all.

Money has no value in itself!

What creates value in the economy are our talents and skills which we apply in our work for each other; it is the products we create through our work that satisfy our needs. This includes all those 'services' we perform – the education of our children and young people, the care of the sick and elderly, art and culture and the care of nature in a sustainable relationship with our Earth.

That is why we are calling for an alternative path of associative economics – as a complement to the existing system – that everyone can follow who wishes to do so out of their own freely acquired insight!

- ◆ The ECB and the central banks of the Member States should make available a new function of money (i.e. a new form of credit), regulated by public law, which allows the formation of an associative model of free enterprise.
- ◆ It should be made possible for businesses to join together in associations under certain conditions (orientation towards the common weal, renunciation of the profit motive in favour of an associative balancing of the accounts, a reduction in private ownership and in turn the development of a community-oriented sphere of production).
- ◆ Based on the new financial order anchored in European law, associations should be able to found new banks directly connected to the European system of central banks.
- ◆ These new banks should be allowed to create money freely and distribute it as credits, as long as these credits are secured by real economic activity within the total associative system.
- ◆ The alternative money cycle thus created should allow for both income needs (of employees) and to provide funds for investment and subsidy within the network of associations.

This project is addressed to all those forward-looking people working in the economy, in politics, culture and academia. We invite you to work with us on crafting the features of this new perspective.

The aim is to modify the treaty bases of the European Union and the legal parameters of the Member States in such a way as to enable the new approach to money and the economy to be explored and taken up. The proposals are to be understood as complementary to the existing circumstances.

Such an approach necessitates a political demand. To achieve success will require the largest possible number of statements of support from the citizens of the EU Member States.

How the various elements of the proposal should be elaborated and in what specific ways the laws and treaties need to be amended will depend on the creativity and imagination of those who are committed to the project and who have the required expertise in all the relevant areas. It is time to mobilise and bring together all the forces necessary to achieve the stated aims. It is out of this conviction that we invite you to collaborate in “inventing the future” (Ivan Illich: “Celebration of Awareness”)!

To enable everyone to share in these values and take part in making them a reality, the new money and enterprise system must provide for a fair income that makes possible a life lived in dignity.

For the enterprises with their economic initiatives, this new approach must make it possible to work outside of – and beyond – the capitalist profit motive.

The basic elements of the associative enterprise concept and of the money and banking system that serves it

1. In the understanding of the project presented here, the basis of all economic activity and initiative is the “free enterprise” (FE). Since no distinction is made here between for-profit and not-for-profit enterprises – in that the true nature of the economy as a whole is understood in terms of its orientation towards the fulfillment of needs and the welfare of all – the concept of a ‘free enterprise’ can also include, in addition to the usual enterprises involved in production, trade and the service sector, institutions concerned with culture, education and science, as also schools, hospitals and social welfare organisations.
2. By ‘free enterprise’ is meant such economic contexts in which people join together with their various talents and skills for a specific economic purpose or business goal. To the extent that each individual enterprise pursues its own economic impulses and goals, it constitutes an *entity*. But as such it is, within the integrated system of global production, a *part of the whole*. This means that enterprises must be able to enter into communicative networks with each other and come together to form associations. These associations – as organisations of economic decision-making and the exercise of sovereignty – form the basis of the new enterprise order, on which the foundations of productivity (property – including land –, the means of production etc.) can be managed communally and monetary equilibrium can be achieved.
3. The associations enable the concept of property (both private and public/state-owned), as applied to the means of production – a concept that is foreign to the holistic-global economy – to be overcome or rather transcended and replaced by the idea of an entrepreneur’s “right of disposal”. The former concept is linked to the claim to ownership of the profits and to the wage relationship between the employer and the employee. The latter secures the trusteeship of the economic initiative and legitimizes the fiduciary management of the means of production, which are created from the entirety of the associated economy and which are made available to those who have the skills to make use of them.
4. The ‘neutralising’ of existing property (including land and the means of production) which this entails represents neither a nationalisation nor an expropriation in the usual sense. What we are dealing with here is a transformation of the legal concept – arising from a new understanding which does not remain stuck in the habitual mode of thinking in terms of either ‘private’ or ‘state-owned’. Companies that wanted to create associations, or join existing ones, would retain their access to the means of production – but in a changed nexus of rights and responsibilities and without those means being considered as private property. Transitional rules, compensation for claims of income resulting from prior ownership, complications arising from the special situation of transnational companies etc., would have to be taken into account in order for it to be open to the greatest number of participants in the economy (companies etc.) to take the new, complementary economic path.

We are convinced that the prominence given to profit often arises only from the pressures of the economic system; that the real driving force lies in the power of innovation and the productivity of business activity in itself – and in the opportunity to pursue those drives in the service of others.

Economic activity inherently seeks out cooperation and exchange. The principle of competition should be restricted solely to the free competition of ideas.

5. The formation of associations should also bring with it the right to found banking institutions, directly linked to the ECB or ESCB (European System of Central Banks), which would establish a functionally differentiated money cycle, thereby also performing the new decentralised and democratically legitimated function of money grounded in public law. These banking institutions and the associations linked to them would also be able to create further networking links with each other.
6. The first task of these banks is to provide the associated “free enterprises” with the necessary money (‘production capital’), given as credit, so that the enterprises can carry out the agreed tasks and bring together the necessary skills and talents. The banking organs are thus responsible for providing credits – an act equivalent to the creation of money – the cover for which lies in the future i.e. in the creation of value made possible by the credit. Complete and timely repayment of the money issued (the return flow from the enterprise’s income) must be guaranteed.
7. The money passes via the enterprises to the co-workers (including the managers) as income (‘consumption capital’) – either the full income or as a supplement to the basic income. It then serves to pay for goods and services and thus flows back to the enterprises, which can then use it to pay back their credits.
8. For the whole economic organism the only important thing is that all the money issued ultimately returns to the bank. The return flow of money makes it possible, through the respective agreements with the associations, to undertake investments and fulfill social or public tasks: providing new means of production and subsidizing sensible, publicly necessary tasks, which however cannot or should not aim to secure a ‘market price’ – or at most only a modest one.
9. The task of working creatively with the return money flow (which has already carried out its function as ‘consumption capital’ within the circulatory money flow and which has not been re-designated as ‘production capital’) has to be performed in a new banking organ linked to the associations (an association bank), in which all the participants work together in a communicative network to shape the process of balancing profits and losses. This also opens up a new dimension in the task of determining prices.
10. The social and public service tasks mentioned above refer to an area which has so far been in the hands of the state. The state, in looking after the interests of the general public, acts as a counterbalance to private interests. An economy that is committed to the common good and is not oriented to profit cannot discriminate between ‘state’ and ‘private’ responsibilities or economic tasks. The state may make specific demands on that economy – to provide for free access to schools and universities, for example, or to ensure that there is an efficient infrastructure for the provision of energy etc. To the extent that such tasks – which have until now been the responsibility of the state – are taken on by the associations that are in process of formation, this transfer must have consequences for taxation.

What we are calling for here is not an outward revolution, by means of which those in power are toppled and the rich dispossessed. We are asking only that those who have performed the revolution in their own consciousness are able to pursue new avenues of development!

It remains to be seen how quickly we can reach the goal of a world based on solidarity.

– Let’s make a start in Europe!

LOOKING AHEAD – THE EUROPEAN CREDIT INITIATIVE

As the first active step in the project we will launch a *European Citizens' Initiative (ECI)*, as provided for in Art. 11.4 of the Lisbon Treaty. This will enable the new money and banking system to be brought to the attention of the general public. Ultimately – whenever the opportunity for this arises – the new ideas would be integrated into the larger issue of a Constitution for Europe.

The ECI has first to be prepared in advance so that we can begin the collection of signatures (“declarations of will”). The preparation phase, with its task of spreading an understanding of the way the money cycle can and should work, if it is allowed to obey the laws of its own nature, and of finding people to campaign for it, is just as important as the later phase when the emphasis is on getting the support of a sufficient number of people in several EU countries.

An ECI is addressed to the European Commission, which is obliged to concern itself with the proposal if it is ‘successful’. ‘Success’ for an ECI means gathering at least 1 million valid signatures in at least a quarter of all EU Member States. But an ECI is restricted in its subject matter: it has to address a topic that, according to the Treaty on European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU), is within the competence of the European Commission (cf. http://en.wikipedia.org/wiki/European_Citizens'_Initiative). This is why we are focussing our proposal on an amendment to the *statute of the European System of Central Banks and of the ECB*, which is anchored in EU law.

THE PROPOSAL

A further paragraph (in bold below) should be added to Article 18.1 of the Statute of the European Central Bank:

[...] 18.1. In order to achieve the objectives of the ESCB and to carry out its tasks, the ECB and the national central banks may:

- operate in the financial markets by buying and selling outright (spot and forward) or under repurchase agreement and by lending or borrowing claims and marketable instruments, whether in Community or in non-Community currencies, as well as precious metals;
- conduct credit operations with credit institutions and other market participants, with lending being based on adequate collateral;
- **conduct credit operations on an interest-free basis with credit institutions and other market participants who provide services of general economic interest, who arrange for the incomes of their co-workers to be determined according to the respective determinations of public law in the Member State concerned, and who permanently forgo profits or transfer them in their entirety to the public purse. The lending has to be based on adequate collateral.** [...]

This legislative proposal thus aims to secure *free financing of economic activity committed to the common good*. Banks, enterprises and associations of these (= market participants) should be able to receive interest-free credit if, in the service of the common good (= services of general economic interest), they meet the stated requirements. The proposal was professionally appraised by Prof. Dr. Walter Obwexer and Assistant Prof. Dr. Julia Villotti from Department of European Law and Public International Law of the University of Innsbruck (www.creditinitiative.eu/ebi-vorschlag).

Internationales Kulturzentrum
Achberg e.V.
Panoramastraße 30
88147 Achberg
GERMANY
+49 8380 500

IBAN: DE88 4306 0967 8233 3668 00
GENODEM1GLS

Initiativ-Gesellschaft
EuroVision
Brantingasse 61
1100 Vienna
AUSTRIA
+43 650 941 32 64

IBAN: AT09 6000 0000 9217 9671
BIC: OPSKATWW

info@creditinitiative.eu
www.creditinitiative.eu

Contact persons:
Daniel Schily
Gerhard Schuster

Donations, please state reason for
payment: „European Credit Initiative“